

NEWS – CONGRESSMAN PETE STARK

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REPS. STARK, WAXMAN, MILLER ON BLUE SHIELD OF CALIFORNIA RATE ANNOUNCEMENT

WASHINGTON — Today, three leading Democrats from California expressed concern about Blue Shield of California's announcement of a significant increase in health insurance premiums for many of its policyholders, averaging 30 to 35%. This is a major increase in premiums that will be a burden for Californians, forcing them to make hard choices between health care and other needs like groceries and rent or mortgage payments.

This announcement from BSCA highlights the problems faced under the current health care system and the danger of repealing the health care law that will fundamentally reform the system.

"Thanks to health reform, for the first time these rate increases are completely transparent and posted on healthcare.gov," said Rep. Pete Stark. "With the increased resources from the health reform law, California can work with Blue Shield to mitigate these increases and protect consumers. Unfortunately Republicans want to immediately repeal these protections, and future reforms that will prevent rate increases like this in the future."

"Rate increases like these show that the individual insurance market is broken and won't be totally fixed until new exchanges open in 2014," said Rep. Henry A. Waxman. "The whole point of the new health reform law is to bring competition and transparency into the market, and make sure it serves a broad selection of people. It is essential that these reforms stay in place to get these premium increases under control."

"The announcement from Blue Shield just shows that the status quo is not working for California's families," said Rep. George Miller. "And Republican repeal of health reform will only put big insurance companies in even greater control of Americans' health care. The Affordable Care Act, when fully implemented, will ensure real competition and accountability so that families already stretched thin by health insurance costs can find relief. Repealing the health reform law poses a real danger to middle class families."

The insurer has made clear that health reform was not a significant factor in that increase, stating: “The rate increases reported today cover a period of more than one year and have almost nothing to do with the federal health reform law. These rates reflect trends that were building long before health reform.”

The insurer also notes that health reform will help get costs under control in the future through initiatives that make health care more efficient.

Until 2014, the Affordable Care Act provides new transparency and sunshine into insurance company rate increases so that the public and regulators can push back. Until the passage of the ACA, there was no requirement that large rate increases like these be disclosed.

Greater attention to premium increases through rate review have already yielded striking results around the country.

- Connecticut regulators recently rejected a proposed 20% rate increase by Anthem Blue Cross and Blue Shield in the individual market after the rate review found that such an increase would be excessive.
- Maine’s state superintendent of insurance rejected WellPoint’s Empire Blue Cross Blue Shield request to raise rates by 23.1%.
- Colorado secured \$20 million in refunds from Anthem Blue Cross to about 90,000 policyholders after an in-depth rate review concluded the insurance company’s premiums were excessive.
- The threat of a thorough rate review in California prompted Anthem Blue Cross to withdraw its request for a 39% premium increase in the individual market.

The insurance commissioner in the state of California, Dave Jones, is requesting authority from the state legislature that would allow him to block unjustified premium increases. Reps. Stark, Waxman, and Miller strongly support these efforts that will help protect Californians from skyrocketing premiums.

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